



THE CITY OF SAN DIEGO

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Popular Business Tax Credit Program On Chopping Block

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SAN DIEGO — The NASSCO shipyard in San Diego is so massive workers ride around on beach cruisers to get from one place to another. But company president Fred Harris said the incentives to do business in California are so small it's hard to be competitive.

California is facing a \$26-billion deficit. And the governor is proposing to eliminate a tax-credit program for businesses in distressed communities, the so-called Enterprise Zone program.

NASSCO has used money saved through the program to build a \$45-million paint facility, among other things. Harris said the tax credits are the only way NASSCO remains competitive with companies in other states.

"The program that has helped us immensely is the Enterprise Zone Program. It has given us some tax relief," he said. "Is it equal to the other states? No. But it certainly has been a benefit to NASSCO."

NASSCO laid off nearly 300 people last year. Harris said more layoffs may be coming if future contracts are canceled because of federal-government cuts.

Harris was joined at the shipyard by the mayors of San Diego, Chula Vista and National City. San Diego Mayor Jerry Sanders said that during the last three years, more than 13,000 people have been hired at companies located within enterprise zones.

"It's been tremendously successful in creating jobs in the San Diego region," Sanders said.

But there is some disagreement over whether enterprise zones are truly worthwhile. A recent [report](#) from the non-partisan Legislative Analyst's Office found enterprise zones don't produce a net increase in jobs for California and don't increase the rate of job creation. The report also found California's general fund could see a revenue increase of more than \$900 million over the next two years if enterprise zones are eliminated.